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Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 FAA-00 L-03 SS-15 NSC-05 PA-01

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R 161804Z JUN 75
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 2014
INFO AMEMBASSY BONN
AMEMBASSY PARIS
USMISSION BERLIN

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E.O. 11652: N/A
TAGS: EAIR, UK
SUBJ: CIVAIR - BERLIN-UK CHARTERS
REF: STATE 138367; LONDON 9106

1. WE HAD FURTHER DISCUSSION ON JUNE 16 WITH KEMMIS, DEPT. OF TRADE, CONCERNING RESTRICTIVE BRITISH POLICY ON BERLIN-ORIGINATING ITC FLIGHTS TO UK BY PANAM. KEMMIS CONFIRMED THAT DOT HAD APPROVED PANAM'S ITC PROGRAM THROUG END OF JUNE BUT THAT QUESTION OF POLICY TOWARD PANAM-OPERATED ITCS AFTER THAT DATE STILL UNDER REVIEW. HE DID NOT SAY UK WOULD CUT-OFF FLIGHTS AFTER JULY 1 BUT WE GAINED IMPRESSION UK OF A MIND TO CUT THEM BACK VERY SHARPLY. KEMMIS SAID UK ALARMED BY SUDDEN GROWTH IN PANAM BERLIN-LONDON CHARTER PROGRAM PARTICURLY, HE SAID, WHEN SOME GROUPS COULD BE CARRIED ON SCHEDULED SERVICES (INCLUDING ON PANAM'S LONDON-HAMBURG-BERLIN FLIGHTS)AT ROUGHLY COMPARABLE SGIT FARES. WHEN ASKED, HOWEVER, WHETHER UK CONCERNED ONLY TO PROTECT SCHEDULED SERVICES HE SAID IF THERE ARE MORE IT GROUPS THAN CAN REASONABLY BE ACCOMMODATED ON SCHEDULED SERVICES UK BELIEVES BRITISH CARRIERS SHOULD HAVE FIRST CLAIM TO THIS TRAFFIC. KEMMIS DID NOT TRY TO
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CLAIM THAT BERLIN-UK TRAFFIC WAS EITHER CABOTAGE OR FIFTH

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FREEDOM BUT HE DID ARGUE THAT SECTOR IS UNIQUE AND BRITISH AIRLINES SHOULD HAVE A PREFERRED POSITION. HE SAID FRENCH HAVE TAKEN SIMILAR POSITION WITH RESPECT TO BERLIN-FRANCE CHARTERS.

2. WE TOLD KEMMIS WE DID NOT BELIEVE USG COULD ACCEPT CONTENTION THAT RIGHT OF U.S. AIRLINES TO UPLIFT BERLIN-ORIGINATING CHARTER TRAFFIC WAS ANY LESS THAN THAT OF OTHER THREE-POWER AIRLINES AND THAT BECAUSE OF IMPORTANT POLITICAL RAMIFICATIONS OF BERLIN AIR SERVICES WE DID NOT EXPECT USG WOULD AGREE THAT DECISIONS RELATING TO THOSE SERVICES SHOULD BE TAKEN UNILATERALLY AND ON NARROW COMMERCIAL GROUNDS. /WE ALSO TOLD HIM THAT, ALTHOUGH WE WERE WITHOUT INSTRUCTIONS AT THIS TIME, IT WAS OUR UNDER-STANDING THAT VOLUME AND NATURE OF BERLIN AIR SERVICES WERE CUSTOMARILY DISCUSSED FIRST IN BONN GROUP AND THAT WE THOUGHT THAT WOULD BE APPROPRIATE FORUM TO RAISE CHAR-TER PROBLEMS, PARTICULARLY IF IT BRITISH CONTENTION THAT ITCS ARE UNDERCUTTING VIABILITY OF SCHEDULED SERVICES. KEMMIS SAID HE WOULD "TAKE NOTE" OF OUR ARGUMENTS AND THEY WOULD BE CAREFULLY CONSIDERED. HE ALSO INDICATED BRITISH WOULD BE PREPARED DISCUSS PROBLEM FURTHER BILATER-ALLY BUT HE WAS DOUBTFUL AS TO WHETHER UK WOULD TABLE MATTER IN BONN GROUP.

3. WE DID NOT MAKE ARGUMENTS CONTAINED PARA 2 STATE 138367 BECAUSE KEMMIS DENIED THAT ISSUE IS RELATED TO FIFTH FREEDOM CHARTERS AND ALSO BECAUSE WE HAVE SOME RESERVATIONS ABOUT WHETHER IT IN OUR INTERESTS AT THIS STAGE IN DISCUSSIONS TO RELATE CHARTER SERVICES INTO AND OUT OF US WITH BERLIN-UK CHARTER ISSUE. HOWEVER, IF AT THE END OF THE DAY PROBLEM MUST BE DECIDED STRICTLY ON COM-MERCIAL GROUNDS THEN IT MAY WELL BE THAT ONLY EFFECTIVE LEVERAGE WE WILL HAVE IS FIFTH FREEDOM CHARTERS BY UK AIRLINES INTO AND OUT OF US. IF WE HAVE TO USE THAT LEVERAGE, OUR ARGUMENT MIGHT BE MORE COMPELLING IF WE COULD QUANTIFY THE EXTENT TO WHICH UK AIRLINES PRESENTLY ARE BENEFITING FROM FAVORABLE US TREATMENT.

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Decaption Date: 01 JAN 1960
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